



LIMITED LIABILITY COMPANY ("NAAMLOZE VENNOOTSCHAP")
Registered Office: Zinkstraat 1, 2490 Balen, Belgium
Company Number VAT BE 0888.728.945 RPR/RPM Antwerp, division Turnhout

**Report of the Board of Directors
in accordance with Article 604 of the Belgian Companies Code**

1. Introduction

This special report has been prepared by the Board of Directors of Nyrstar NV (the "**Company**") in accordance with article 604 of the Belgian Companies Code with respect to the proposal to grant powers to the Board of Directors to increase the Company's share capital within the framework of the authorised capital. The proposal will be submitted to an extraordinary general shareholders' meeting of the Company to be held before a notary public. The Board of Directors has set out in this report the circumstances in which the Board of Directors will be able to use its powers under the authorised capital, and the purposes that it shall pursue.

2. Authorised capital

At the date of this special report, the subscribed share capital of the Company amounts to EUR 113,262,734.08. The share capital is fully paid up and is represented by 109,033,545 shares, each representing the same fraction of the Company's share capital. The fractional value of the shares of the Company amounts (rounded) to EUR 1.04. The fractional value of a share is calculated as a fraction the numerator of which is the amount of the Company's subscribed share capital, and the denominator of which is the total number of issued and outstanding shares.

In principle, changes to the share capital are decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements that apply to an amendment of the articles of association. This means that a shareholders' resolution to increase the Company's share capital is only passed provided that at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and provided that the resolution is approved by 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened through a new notice, and the second shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorise the Board of Directors, within certain limits, to increase the Company's share capital without further approval of the shareholders. This is the so-called authorised capital.

The Board of Directors of the Company currently has powers under the authorised capital, as granted by the general shareholders' meeting held on 18 May 2017. As the current authorisation has already been applied to a significant extent (for more than half) by the Board of Directors (notably for the capital increases in June and November 2017), the Board of Directors of the Company deems it preferable and appropriate to renew the authorisation under the authorised capital of the Company.

3. Proposal to grant powers to the Board of Directors under the authorised capital

The technique of the authorised capital offers the Board of Directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the Company and the financing of its operations. The prior disclosures, formalities and notification periods to convene a general shareholders' meeting and obtain an approval by the general shareholders' meeting to effect a capital increase are elaborate, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the shares is not reached at the first meeting) can take approximately two months. During this period, market circumstances can change significantly. If the Board of Directors is not able to seize potential market opportunities that arise, this could be to the disadvantage of the Company. On the other hand, if market circumstances no longer allow for a capital raising at favourable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company.

In order to allow the Board of Directors the flexibility to raise additional equity based financing as and when the need may arise or an opportunity would present itself, the Board of Directors proposes that it again be granted limited powers under the authorised capital to increase the Company's share capital by a maximum amount of 30% during a term of three (3) years from the date of publication in the annexes to the Belgian Official Gazette of an extract of the minutes of the extraordinary general shareholders' meeting granting the authorisation. The Board of Directors would be able to restrict or cancel the preferential subscription rights of the shareholders, subject, however, to the limitations and restrictions set out in the Belgian Companies Code. The Board of Directors would, however, not be able to restrict or cancel the statutory preferential subscription right for the benefit of a specifically named investor or shareholder in accordance with the provisions of article 598 of the Belgian Companies Code.

If the general shareholders' meeting approves the proposal of the Board of Directors, article 9 of the Company's articles of association will be amended and be restated to read as follows (whereby the amount and date referred to in the sub-sections between square brackets shall be determined at the time of the approval of the proposed resolution in accordance with the proposal set out in such sub-sections):

"The board of directors may increase the share capital of the company on one or several occasions by a maximum amount of *[30% of the amount of the share capital as at the time of the approval of the proposed resolution]*.

Within the framework of the authorised capital, the board of directors may increase the share capital by contributions in cash or in kind, and/or by capitalisation of reserves, whether available or unavailable for distribution, with or without the issuance of new shares (including issuance of new shares reserved to employees of the company and its subsidiaries only). The board of directors may use this authorisation for the issuance of the securities mentioned in article 11 below.

In the event of a capital increase decided by the board of directors pursuant to the authorised capital, all issue premiums booked, if any, will be accounted for on the liabilities side of the company's balance sheet under the net equity. The account on which the issue premiums are booked shall, like the share capital, serve as the guarantee for third parties and can only be reduced on the basis of a lawful resolution of the general shareholders' meeting passed in the manner required for an amendment to the company's articles of association.

When exercising its powers under the authorised capital, the board of directors shall be authorised to effect the transaction with application of the statutory preferential subscription rights of the shareholders (within the meaning of article 592 and following of the Belgian Companies Code). Subject to applicable company, financial and securities law rules, the board of directors shall also be authorised to restrict or cancel the statutory preferential subscription rights of the company's shareholders in

accordance with the provisions of article 596 of the Belgian Companies Code for the purpose of (a) a transaction with non-statutory preferential subscription rights for the existing shareholders, (b) a transaction in which the statutory preferential subscription rights are restricted or cancelled for the benefit of one or more categories or classes of investors and/or shareholders, including (but not limited to) (i) professional, institutional or qualified investors, (ii) directors, employees, personnel and/or service providers of the company and its subsidiaries, and/or (iii) shareholders and/or investors located in one or more geographical areas, and (c) (public or non-public) offerings of securities in certain selected jurisdictions only, to be determined by the board of directors. When restricting or cancelling the statutory preferential subscription right of the company's shareholders, the board of directors shall have the ability (but not the obligation) to provide for a priority allocation to the existing shareholders with respect to all or a portion of the transaction. Unless expressly permitted as aforementioned, the board of directors shall not be authorised to restrict or cancel the statutory preferential subscription right for the benefit of a specifically named investor or shareholder in accordance with the provisions of article 598 of the Belgian Companies Code.

The authorisation of the board of directors as set out in this article 9 is valid for a period of three (3) years as from the date of publication in the Annexes to the Belgian Official Gazette of an extract of the minutes of the extraordinary general shareholders' meeting of the company held on *[the date of the approval of the proposed resolution]*."

Pursuant to article 11 of the articles of association the Board of Directors would be able to use the authorised capital for the purpose of the issuance of shares, as well as convertible bonds, bonds repayable into shares, warrants or any other financial instrument giving right to shares in the Company.

4. Circumstances and purposes for the use of the authorised capital

The Board of Directors intends to use its powers under the authorised capital in circumstances where, in the interests of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities;
- a prior convening of a shareholders' meeting would lead to an untimely announcement of the transaction, which could be in the disadvantage of the Company; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the Company.

The Board of Directors would be able to use its powers under the authorised capital inter alia:

- to improve the Company's ability to access debt markets, address near-term refinancing needs and extend its debt maturity profile;
- to recapitalise the Company's business and increase financial flexibility and liquidity in a challenging near-term commodity price environment;
- to support the funding of the Company's projects;
- as and when the case may be, to finance other business activities, business initiatives, and/or strategic transactions of the Company that might present themselves;

- for deliveries or issues of shares or share based awards pursuant to share based and other remuneration and/or incentive plans for directors, employees and/or staff-members of the Company and its subsidiaries, including the 'Annual Incentive Plan' (AIP) and the 'Long Term Incentive Plan' (LTIP); and
- for general working capital purposes of the Company.

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**** Free English translation for information purposes ****

Done on 20 March 2018,

On behalf of the Board of Directors,

/signed/

Martyn Konig
Chairman

/signed/

Hilmar Rode
Director